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October 12, 2007

**VIA E-MAIL**

Jennifer J. Johnson  
Secretary  
Board of Governors of the  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Re: Docket No. R-1286  
Truth in Lending

Dear Ms. Johnson:

We appreciate the opportunity to respond to the Board's most recent request for comment<sup>1</sup> on the proposed amendments to Regulation Z,<sup>2</sup> which implements the Truth in Lending Act.<sup>3</sup>

Countrywide Home Loans, Inc. originates, purchases, securitizes, sells and services home loans. It is the primary subsidiary of Countrywide Financial Corporation ("CFC"), which provides mortgage banking and diversified financial services through its subsidiaries in domestic and international markets.<sup>4</sup> Founded in 1969 and a member of the S&P 500 and Fortune 500, CFC is headquartered in Calabasas, California, and its family of companies currently has a workforce of more than 55,000 in over 1000 offices across the country. Through its mortgage banking segment, CFC funded \$463 billion in mortgage loans in 2006, of which \$31.5 billion were home equity lines of credit.

We recognize that the complexity of the Act and the Regulation and the array of credit products in the market today make the review process upon which the Board has embarked exceedingly complicated. We applaud many of the changes that the Board has proposed, and

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<sup>1</sup> 72 Fed. Reg. 32948 (June 14, 2007) ("Proposal").

<sup>2</sup> 12 C.F.R. Part 226 (2004) ("Regulation Z" or "Regulation").

<sup>3</sup> 15 U.S.C. § 1601 *et seq.* ("Act").

<sup>4</sup> Countrywide Bank, FSB, a federally-chartered savings bank with over \$100 billion in assets and over 100 financial centers, also originates home loans. As of the first quarter 2007, Countrywide Bank was the third largest savings bank in the country as reported by the Federal Deposit Insurance Corporation.

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commend the Board and its staff on a Proposal that evidences months of thoughtful deliberations and careful consideration of alternative approaches. As indicated above, we engage in extensive residential property-secured lending through both open-end and closed-end transactions. Thus, since this stage of the Board's comprehensive review of the Regulation addresses almost exclusively open-end credit that is not home-secured, the proposed changes would not have a major impact on our business unless we were to elect to adopt the disclosure options presented in the Proposal. We do, however, have some concerns about the review process.

We expressed our concerns about the staged review and revision of Regulation Z in response to the Board's 2004 Advance Notice of Proposed Rulemaking.<sup>5</sup> In our experience, common issues frequently arise that we believe should be treated consistently whether the transaction involves a loan that is open-end or closed-end, secured or unsecured, or secured by a home or otherwise. Because there are so many issues that arise in the context of both open-end and closed-end credit, secured and unsecured transactions, we stated our belief that reviewing the Regulation in stages, although seemingly less complicated, would add to the complexity and duration of the process. The Board has determined, however, that "conducting the review in stages allows for a manageable process."<sup>6</sup> Seeing the extent of the changes that the Board is proposing to the Regulation, we are converts to the Board's view, at least to the extent that the review and proposal of revisions take place in stages.

We do believe, however, that before the Board finalizes any stage of the review process that it should complete the other stages of its review to ensure that consistent approaches to disclosure are adopted where appropriate, and that, where there are valid reasons for differences or inconsistencies in treatment, all interested parties are given the opportunity to evaluate and comment upon the options. At a minimum, we believe that the Board should publish for comment its proposed changes to the open-end credit, home-secured, provisions of the Regulation, before the open-end credit, not home-secured, provisions are finalized. We believe that once the positions set forth in the Proposal are finalized, it would be difficult or impossible for the Board to justify additional changes to the Regulation, even if such changes were fundamentally sound. For this reason, we respectfully urge the Board to refrain from finalizing the review of the open-end provisions addressed in the Proposal until at least the revisions to the open-end, home-secured provisions of the Regulation have been published for public comment.

Sincerely,

/s/

Stanley D. Mabbitt  
Executive Vice President and  
Deputy General Counsel

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<sup>5</sup> 69 Fed. Reg. 70925 (December 8, 2004).

<sup>6</sup> 72 Fed. Reg. 32952.